

Message Text

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44

ACTION AF-18

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-10 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SPC-03 SS-20 STR-08 TRSE-00 OPIC-12 DRC-01

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R 281310Z FEB 74

FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC 1019

C O N F I D E N T I A L TRIPOLI 0246

E.O. 11652: GDS

TAGS: ENRG LY

SUBJECT: AMOSEAS TO REFUSE TO PAY DECEMBER TAXES

1. AMOSEAS PRESIDENT ROSS SCHENK PHONED EMBASSY FEB. 28 TO STATE AMOSEAS WOULD NOT PAY ITS TAXES TO LARG FOR MONTH OF DECEMBER, WHICH DUE BY END OF FEBRUARY. SCHENK SAID COMPANY'S DECISION BASED ON TWO FACTORS: (A) COMPANY'S LIBYAN BANK ACCOUNT HAD BEEN FROZEN, AND (B) COMPENSATION FOR COMPANY'S NATIONALIZED ASSETS WOULD IN ANY CASE EXCEED AMOUNT OF BACK TAXES. SCHENK NOTED THAT AS COMPANY'S LEGALLY RESPONSIBLE REPRESENTATIVE IN LIBYA, HE WAS PERSONALLY LIABLE UNDER LIBYAN LAW, AND WAS THEREFORE SOMEWHAT NERVOUS ABOUT LARG'S REACTION TO COMPANY'S REFUSAL TO PAY TAXES AS IT MIGHT AFFECT HIM.

2. AMOSEAS HAS BEEN TRYING TO AVOID CONFRONTATION WITH LARG, BOTH IN INTEREST OF POSSIBLE SERVICE CONTRACT AND TO COVER SMOOTH WITHDRAWAL OF AMOSEAS EMPLOYEES. SINCE THEIR ORDERLY DEPARTURE WOULD ALSO APPEAR TO BE IN LIBYAN INTEREST, WE WOULD NOT EXPECT LARG TO PRECIPITATE TROUBLE BY RETALIATING AGAINST SCHENK OR OTHER AMOSEAS EMPLOYEES. LARG OFFICIALS
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ORGINALLY EMPHASIZED TO COMPANY THEIR DESIRE TO SEE AMOSEAS

EMPLOYEES STAY ON JOB DURING INTERIM SIX MONTHS UNTIL NEW COMPANY FORMED. NEVERTHELESS, AS DEPT AWARE, LIBYAN REACTIONS ALWAYS HARD TO PREDICT.

3. WE LEARNED INDIRECTLY FROM AMOSEAS SOURCE THAT COMPANY OFFICIALS RECENTLY HAD MEETING IN ROME WITH PETROLEUM UNDER-SECRETARY MUNTASSIR WHEN LATTER WAS THERE WITH PRIMIN JALLOUD. APPARENTLY SUBJECT OF SERVICE CONTRACT FOR AMOSEAS WAS DISCUSSED. SCHENK HAS NOT CALLED AT EMBASSY SINCE HIS RETURN FROM U.S., AND EVIDENTLY BELIEVES IT BETTER TO KEEP HIS DISTANCE FROM US.
STEIN

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Message Attributes

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